

**Earnings Results  
for the Nine-month Period  
Ended Dec. 31, 2019**

**Investor Briefing**

February 14, 2020

**SoftBank Group Corp.**



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Exchange rates used for translation

Average during quarter	FY2018				FY2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 USD	108.71	111.55	112.83	110.46	110.00	107.70	108.98	
1 GBP	147.54	145.84	144.48	143.99	140.88	132.73	139.55	
1 CNY	16.97	16.40	16.31	16.37	16.13	15.37	15.46	
EOQ	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31
1 USD				110.99			109.56	
1 GBP				144.98			143.48	
1 CNY				16.47			15.67	

Abbreviations

Abbreviations used in this presentation are as follows:

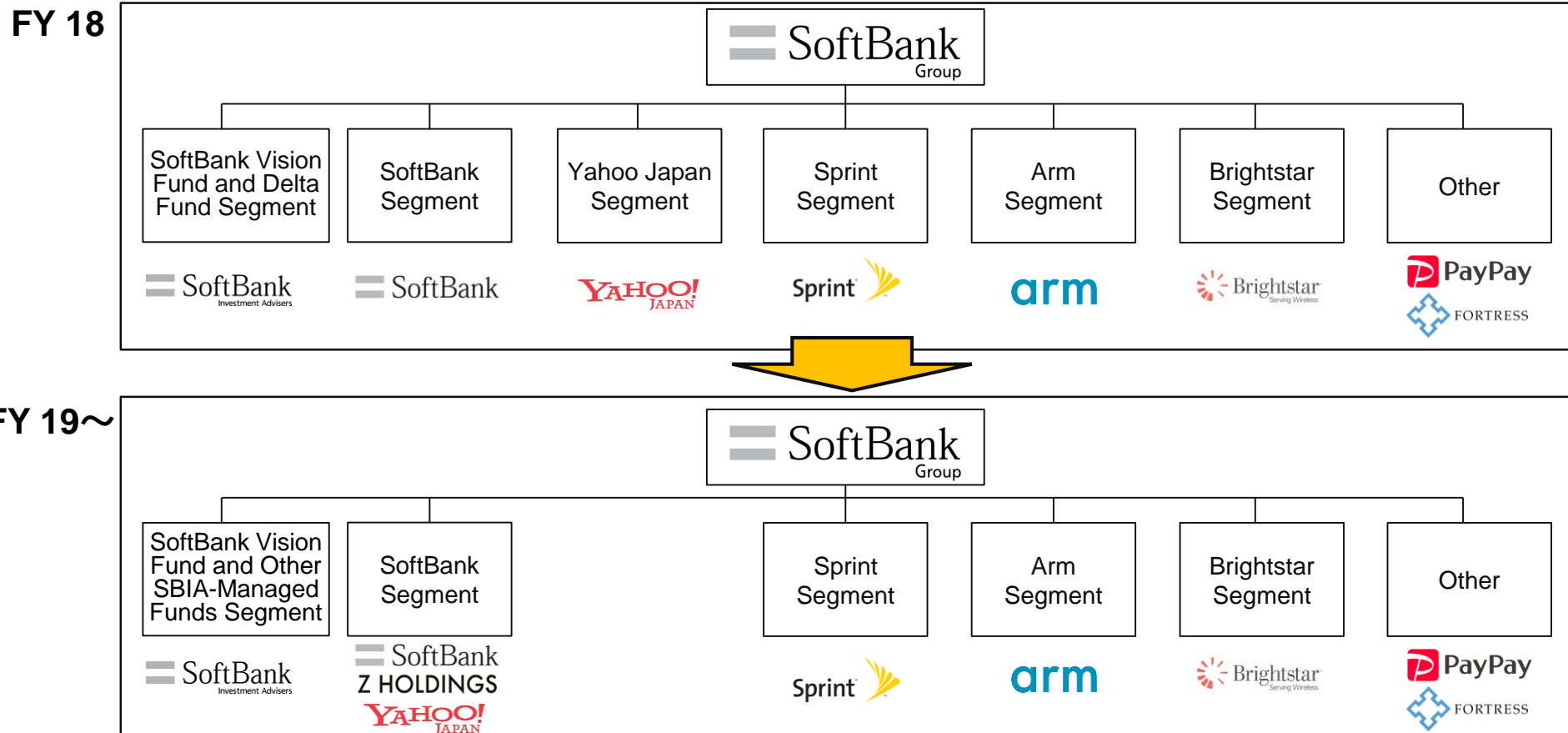
Abbreviations	Definition (Each of the following abbreviations indicates the respective company and its subsidiaries, if any)
SBG	SoftBank Group Corp.
SBKK	SoftBank Corp.
SVF or SoftBank Vision Fund	SoftBank Vision Fund L.P. and its alternative investment vehicles
SBIA	SB Investment Advisers (UK) Limited
WeWork	The We Company

# Accounting

(JPY bn)	FY18 Q1-Q3	FY19 Q1-Q3	Change	YoY
<b>Net sales</b>	<b>7,168.5</b>	<b>7,089.8</b>	<b>-78.7</b>	<b>-1.1%</b>
<b>Operating income</b>	<b>1,859.0</b>	<b>-13.0</b>	<b>-1,872.0</b>	<b>-</b>
<b>Net income</b> (attributable to owners of the parent)	<b>1,538.4</b>	<b>476.6</b>	<b>-1,061.8</b>	<b>-69.0%</b>

# Change in Reportable Segments

- Revised segment classifications from FY19 after SBKK made Yahoo Japan (currently Z Holdings) a subsidiary. The results of operations for FY18 are restated retroactively according to the new reportable segments.
- In FY19Q3, the **“SoftBank Vision Fund and Other SBIA-Managed Funds segment”** was renamed from the “SoftBank Vision Fund and Delta Fund segment” due to the establishment of new investment vehicles, which will hold certain investments that are expected to be treated as the initial investments of “SoftBank Vision Fund 2” (planned), and investments that have been made by such vehicles.



# Details and Progress of SBG/WeWork Agreement

Details and progress of the agreement between SBG and WeWork dated Oct 22, 2019 are as follows

	Details	Progress
Exercise Price Reduction of Existing Commitment and Early Payment	Existing commitment of USD 1.5 bn originally planned to be exercised at USD110.00/share in Apr 2020 →Lowering price to USD 11.60/share and made early payment	<ul style="list-style-type: none"> <li>• SBG paid full amount of USD 1.5 bn on Oct 30, 2019</li> <li>• USD 200 mil. was converted into preferred stock of WeWork in Nov 2019</li> <li>• Remaining USD 1.3 bn is scheduled to be converted in Mar 2020, after receiving necessary regulatory approvals</li> </ul>
Tender Offer	Tender offer up to USD 3.0 bn at USD 19.19/ share	<ul style="list-style-type: none"> <li>• Launched tender offer in Nov 2019</li> <li>• Offer period (unless extended): until Apr 1, 2020</li> </ul>
Credit Support /Notes Underwriting	(1) Credit support for USD 1.75 bn letter of credit facility by financial institutions to WeWork	<ul style="list-style-type: none"> <li>• Agreed on (1) and (2) in Dec 2019</li> <li>• SBG received warrants as consideration that are convertible into preferred stock at USD 0.01/share (expected to be exercisable in Apr 2020, after receiving necessary regulatory approvals)</li> <li>• (2) is expected to be issued in or after Apr 2020</li> <li>• (3) is under preparation for agreement</li> </ul>
	(2) Up to USD 2.2 bn in unsecured notes to be issued by WeWork	
	(3) Up to USD 1.1 bn in senior secured notes to be issued by WeWork	
Exchange of SVF's JV Shares for WeWork Preferred Stock	All of SVF's interests in WeWork China and WeWork Asia will be exchanged for preferred stock of WeWork at USD 11.60/share	<ul style="list-style-type: none"> <li>• The exchange is expected in early next fiscal year subject to satisfactory negotiations of definitive documentation and satisfaction of certain closing conditions</li> </ul>

# Investments in WeWork by SBG -1

(USD mil)

Investment Type	Cumulative Investment Amount	Cumulative Gain (loss)	Account in Consolidated B/S	Carrying Amounts in FY19		Account in Consolidated P/L	Gain (loss) Recorded in Consolidated P/L in FY19			
				Q2 End	Q3 End		Q1	Q2	Q3	Q1-3
Common Stock	4,500	-3,084	Investment securities	166	-	Loss from financial instruments at FVTPL	Break-down Omitted	-769	-	-417
			Investments accounted for using the equity method	-	59	Loss on equity method investments		-	-29 <sup>*1</sup>	-29 <sup>*1</sup>
						Other non-operating loss		-	-78 <sup>*2</sup>	-78 <sup>*2</sup>
Preferred Stock			Investment securities	833	1,357	Gain (loss) from financial instruments at FVTPL		-2,901	524	-2,542
USD 1.5 bn Paid Commitment (Exercised on Oct 30, 2019 with the exercise price of USD11.60/share, down from the original USD110.00/share)	After Exercise	After Conversion <sup>*3</sup>	200	-51	-	149		-	-51	-51
		Before Conversion <sup>*4</sup>	1,300	-331	-	969		-	-331	-331
	Before Exercise	-	-	Derivative financial liabilities	-1,196 <sup>*5</sup>	-	-1,011 <sup>*5</sup>	1,196 <sup>*5</sup>	-	
Warrants with Exercise Price of USD 0.01/share	Before Exercise	-	-155	Derivative financial assets	-	713	Derivative gain (loss)	-	-155 <sup>*6</sup>	-155 <sup>*6</sup>
<b>Total</b>	<b>6,000</b>	<b>-3,621</b>					<b>2</b>	<b>-4,681</b>	<b>1,076</b>	<b>-3,603</b>

Notes: As of Dec 31, 2019

1. WeWork became SBG's associate on Oct 30, 2019. As a result, net loss of WeWork from Oct 30, 2019 to Dec 31, 2019 corresponding to SBG's holding of common stock (2.75% as of Dec 31, 2019; before dilution) was recorded.

2. Indicates the impairment loss recognized for Q3 due to the significant reduction in fair value of common stock.

3. The USD 200 mil. portion of USD 1.5 bn paid commitment was converted into preferred stock in Nov 2019.

4. The USD 1.3 bn portion of USD 1.5 bn paid commitment has been paid in advance. This investment is scheduled to be converted into preferred stock in Mar 2020 after receiving necessary regulatory approvals.

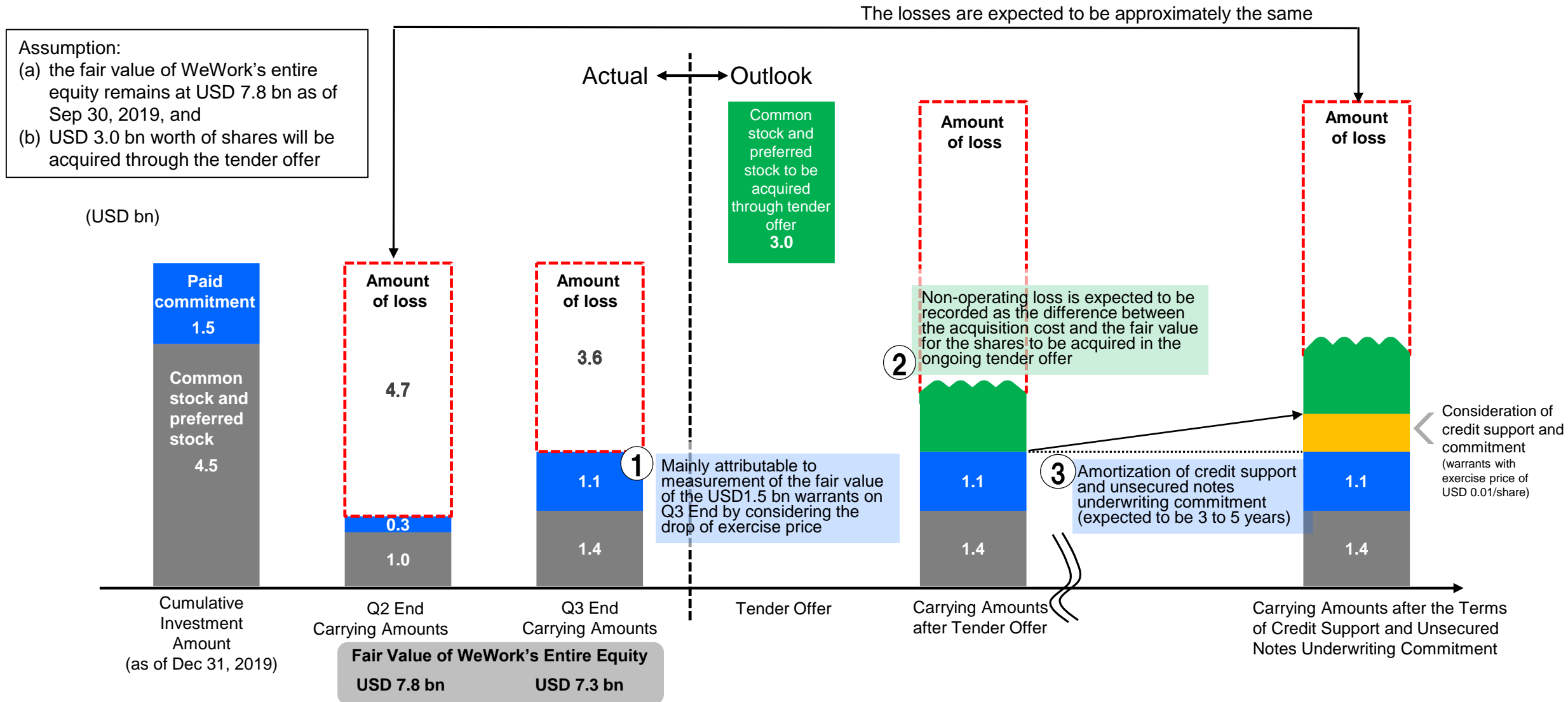
5. SBG recognized a cumulative valuation loss of USD 1,196 mil. from FY18 end to FY19Q2 end, on the warrants (an unexecuted commitment of USD 1.5 bn) held by SBG's wholly owned subsidiary and recorded it as derivative financial liabilities in SBG's P/L. SBG also recorded the corresponding derivative loss in SBG's P/L for FY19Q1-Q2. At Q3 end, the entire amount of the relevant derivative financial liabilities was reversed, following SBG's payment of USD 1.5 bn on Oct 30, 2019 after changing the terms and conditions of the warrants

6. Derivative loss on warrants with exercise price of USD 0.01/share was recognized mainly due to markdown of WeWork's entire equity value from USD 7.8 bn at Sep 30, 2019 to USD 7.3 bn at Dec 31, 2019.



# Investments in WeWork by SBG -1 (Illustration)

Outlook of the treatment of transactions agreed by SBG/WeWork (for illustrative purposes only)



Note: This graph is based on certain presumptions for illustrative purposes only. Actual accumulated investment amount and accumulated amount of loss may vary depending on factors including the changes in the fair value of WeWork's entire equity and the purchase amount of the tender offer.

# Investments in WeWork by SBG -2

(USD mil)

Investment Type	Item in Consolidated B/S	FY18			FY19				FY19
		Acquisition Cost	Valuation Gain (Loss)	Q4 End Carrying Amounts	Q1	Q2	Q3	Gain (loss) in Q1-Q3	Q3 End Carrying Amounts
Common Stock	Investment securities	-	-	-	(a) { 583 - 417	-	(g) { -166 166	-417	-
	Investments accounted for using the equity method	-	-	-		-		-	-107
Preferred Stock	Investment securities	-	-	-	417	3,066	(f) 200	-2,177	1,506
Convertible Promissory Notes	Other financial assets	1,000	-18	982	-	(c) -876	-	-106	-
USD 2.5 bn Warrants (agreement concluded in Nov 2018)	After exercise; after Conversion Other financial assets	1,500	-	1,500	(b) 1,000	-2,190	(d)	-310	-
USD 1.5 bn Warrants (agreement concluded in Jan 2019)	After exercise; before Conversion Other financial assets	-	-	-	-	-	Advance payment for investment (e) 1,300	-331	969
Warrants with Exercise Price of USD 0.01/share	Before exercise Derivative financial assets	-	-	-	-	-	868	-155	713
<b>Total</b>		<b>2,500</b>	<b>-18</b>	<b>2,482</b>	<b>2,000</b>	<b>-</b>	<b>2,368</b>	<b>-3,603</b>	<b>3,247</b>
Liabilities for Credit Support and Unsecured Notes Underwriting Commitment	Other financial liabilities	-	-	-				-868	-868
<b>Investment Amounts</b>		<b>2,500</b>			<b>2,000</b>		<b>1,500</b>		

Concluded the contract for credit support and unsecured notes underwriting commitment, and received its consideration

## Sprint/T-Mobile Merger Transaction Status

### Regulatory Approvals

- Received approvals from DOJ, FCC and 18 of the state PUC.
- Resolution of litigation filed by attorneys general of certain states and the District of Columbia (“AG Litigation”)  
→ **Won in court** (on Feb 11 (ET)) . **Moving to finalize the merger**
- Outstanding; (1) California PUC approval, (2) Satisfaction of certain closing conditions\*

### Business Combination Agreement (BCA) with T-Mobile

- **BCA is still effective** (as of Feb 12)  
(either Sprint or T-Mobile can terminate BCA by giving notification in or after Nov 2019)
- **Expected to continue to discuss further amendments to BCA**, but no agreement on terms of the amendments has been reached.

## Classification as Discontinued Operations

- Conditions for classification as discontinued operations: **the closing of the merger transaction is “highly probable”**
- **SBG is carefully monitoring events to determine when it becomes highly probable:** (1) California PUC approval, (2) Satisfaction of certain closing conditions\*

## Impact on Consolidated Financial Results

- New T-Mobile US is expected to be an equity method associate of SBG
- On the date when the transaction is completed, revaluation gain/loss will be recorded under net income/loss  
(Revaluation gain/loss will be recorded in relation to change in the scope of consolidation, representing the difference between the fair value of the shares of New T-Mobile US to be acquired and the consolidated carrying amount of Sprint.)

\*including resolution of all court proceedings in the AG Litigation and satisfactory resolution of outstanding business issues among the parties.

# Consolidated P/L Summary (IFRSs)

P/L item	FY18 Q1-Q3	FY19 Q1-Q3	Change
<b>Net sales</b>	<b>7,168.5</b>	<b>7,089.8</b>	<b>-78.7</b>
Operating income (excluding income from SVF and other SBIA-managed funds)	1,050.2	784.8	-265.4
Operating income from SVF and other SBIA-managed funds	808.8	-797.8	-1,606.6
<b>Operating income</b>	<b>1,859.0</b>	<b>-13.0</b>	<b>-1,872.0</b>
Finance cost	-479.4	-456.6	+22.8
Income on equity method investments	+257.5	+467.4	+209.9
Dilution gain from changes in equity interest	+33.1	+332.2	+299.1
Foreign exchange gain (loss)	+16.9	-10.3	-27.2
Derivative gain (loss)	+544.6	-19.4	-564.0
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	-	+1,218.5	+1,218.5
Gain (loss) from financial instruments at FVTPL	+49.0	-357.4	-406.4
Changes in third-party interests in SVF and other SBIA-managed funds	-453.5	+190.0	+643.5
Other non-operating income (loss)	-17.4	-6.0	+11.4
<b>Income before income tax</b>	<b>1,809.8</b>	<b>1,345.4</b>	<b>-464.4</b>
Income taxes	-235.3	-688.9	-453.6
<b>Net income</b>	<b>1,574.5</b>	<b>656.5</b>	<b>-918.0</b>
Net income attributable to non-controlling interests	-36.1	-179.9	-143.8
<b>Net income (attributable to owners of the parent)</b>	<b>1,538.4</b>	<b>476.6</b>	<b>-1,061.8</b>

(JPY bn)

•FY18Q1-Q3: Recognized gain relating to loss of control over subsidiaries of 176.3 bn as a result of Arm's Chinese subsidiary becoming a JV.

### **Operating income from SVF and other SBIA-managed funds: -797.8 bn (decreased 1,606.6 bn yoy)**

(See page 15 for details)

•Realized gain on sales of investments: 14.6 bn (Realized gain was recorded on the sale of a portion of Guardant Health shares, while realized loss was recorded on sale of shares of other portfolio company)  
•Unrealized loss on valuation from investments at FY19 Q3 end : 727.3 bn (USD 6,811 mil.)  
Valuation gain --- USD 5,294 mil. : Increase in the fair values of 29 investments  
Valuation loss --- USD 12,105 mil. : Decrease in the fair values of 31 investments including Uber and WeWork (including its three affiliates).

### **Finance cost: -456.6 bn (decreased 22.8 bn yoy)**

SBG's\*1 interest expense decreased 52.6 bn due to repayment of borrowings using 1.6 trillion yen repayment from SBKK and an accompanying full amortization of borrowing expenses in FY18 Q1-Q3.

### **Income on equity method investments: +467.4 bn (increased 209.9 bn yoy)**

Income on equity method investments related to Alibaba: 465.4 bn (increased 188.0 bn yoy). The income increase by 277.2 bn related to receiving of Ant Financial shares by Alibaba.

### **Dilution gain from changes in equity interest: +332.2 bn (increased 299.1 bn yoy)**

Increased +291.6 bn with a new issuance of shares by Alibaba upon its listing on Stock Exchange of Hong Kong in Nov 2019.

### **Derivative loss: -19.4 bn (FY18Q1-Q3: +544.6 bn)**

In relation to following variable prepaid forwards contract using Alibaba shares by West Raptor Holdings.

•FY19Q1-Q3: Derivative loss of 29.6 bn related to forward contract concluded in Nov 2019  
•FY18Q1-Q3: Derivative gain of 365.9bn related to collar transaction concluded in June 2016

### **Gain relating to settlement of variable prepaid forward contract using Alibaba shares: 1,218.5 bn**

### **Gain (loss) from financial instruments at FVTPL: -357.4 bn (-406.4 bn yoy)**

Decrease of fair value of investments in WeWork: -359.2 bn

\* The names of the investments of SVF are presented in the order of the size of the investments' impact on SBG's financial results, unless otherwise stated.

(+: plus to profit -:minus to profit)

\*1 Including the interest expenses of wholly owned subsidiaries conducting fund procurement.

# Consolidated B/S Summary (IFRSs) - 1

B/S item	Main items	As of Mar 2019	As of Dec 2019	Change
Current assets		7,758.0	7,501.4	-256.6
	Cash and cash equivalents	3,858.5	3,804.7	-53.8
	Other current assets	766.6	571.9	-194.7
	Assets classified as held for sale	224.2	-	-224.2
Non-current assets		28,338.5	31,905.0	+3,566.5
	Property, plant and equipment	4,070.7	3,116.4	-954.3
	Right-of-use assets	-	2,182.3	+2,182.3
	Goodwill	4,321.5	4,518.7	+197.2
	Intangible assets	6,892.2	7,194.6	+302.4
	Cost to obtain contracts	384.1	410.4	+26.3
	Investments accounted for using the equity method	2,641.0	3,225.2	+584.2
	Investments from SVF and other SBIA-managed funds accounted for using FVTPL	7,115.6	8,033.6	+918.0
	SVF and Delta Fund	7,115.6	7,844.2	+728.6
	Investment securities	924.6	1,501.8	+577.2
	Other financial assets	1,185.9	1,333.5	+147.6
	Deferred tax assets	586.9	182.3	-404.6
<b>Total assets</b>		<b>36,096.5</b>	<b>39,406.4</b>	<b>+3,309.9</b>

(JPY bn)

Decrease of 422.6 bn due to withholding tax refund on dividends paid in FY18 from SoftBank Group Japan (SBGJ) to SBG

The variable prepaid forward contract using Alibaba shares was settled in June 2019

Impact of the adoption of IFRS 16 at the beginning of FY19

- 1,157.0 bn of leased assets previously included in property, plant and equipment was reclassified as right-of-use assets.
- 1,368.1 bn of leased assets previously accounted for as operating leases was recorded as right-of-use assets.

- Consolidation of ZOZO: Recorded of goodwill 212.9 bn and intangible assets of 503.0 bn
- Impact of a stronger yen: Decrease in FCC licenses (non-amortized) and Arm's technologies See page 13 and 21 for details.

Carrying amount of Alibaba: 2,730.1 bn (as of Dec 31, 2019)

**Investments from SVF and other SBIA-managed funds : 8,033.6 bn (+918.0 bn)**

- New investments (including follow-on investments): USD 14.9 bn
- Decreased fair values of investments (Uber, WeWork (including its three affiliates) etc.)
- Sale of a portion of Guardant Health and other shares

- See pages 5-7 for details of investments to WeWork
- SBG's wholly owned subsidiary's new investing in Latin America: USD 1.3 bn

# Consolidated B/S Summary (IFRSs) - 2

B/S item	Main items	As of Mar 2019	As of Dec 2019	Change
Current liabilities		8,681.7	8,087.1	-594.6
	Interest-bearing debt	3,481.0	3,483.1	+2.1
	Lease liabilities	-	602.5	+602.5
	Deposits for banking business	745.9	863.7	+117.8
	Trade and other payables	1,909.6	2,012.9	+103.3
	Derivative financial liabilities	767.7	4.0	-763.7
	Income taxes payables	534.9	98.0	-436.9
Other current liabilities	1,158.4	898.3	-260.1	
Non-current liabilities		18,405.6	22,127.9	+3,722.3
	Interest-bearing debt	12,204.1	13,750.4	+1,546.3
	Lease liabilities	-	1,413.9	+1,413.9
	Third-party interests in SVF and other SBIA-managed funds	4,107.3	4,789.3	+682.0
	Derivative financial liabilities	130.5	120.0	-10.5
	Deferred tax liabilities	1,391.1	1,533.0	+141.9
<b>Total liabilities</b>		<b>27,087.3</b>	<b>30,215.0</b>	<b>+3,127.7</b>

(JPY bn)

**Impact of the adoption of IFRS 16 at the beginning of FY19**

- 892.5 bn of lease obligations previously included in interest-bearing debt was reclassified as lease liabilities.
- Lease liabilities of 1,449.3 bn, for operating leases that were previously accounted for as lease expenses, were newly recorded.

Decreased 749.8 bn in derivative financial liabilities due to a settlement of the variable prepaid forward contract using Alibaba shares.

Decrease due to payment of income taxes of 321.3 bn on the gain recorded for disposal of SBKK shares at SBGJ in FY18.

Decrease due to payment of withholding income tax of 422.6 bn on dividends paid from SBGJ to SBG in FY18.

Recording of deferred tax liabilities at FY19Q3 end of intangible assets recognized at consolidation of ZOZO.

For the breakdown of interest-bearing debt and lease liabilities by company, see SBG's Consolidated Financial Report.

# Consolidated B/S Summary (IFRSs) - 3

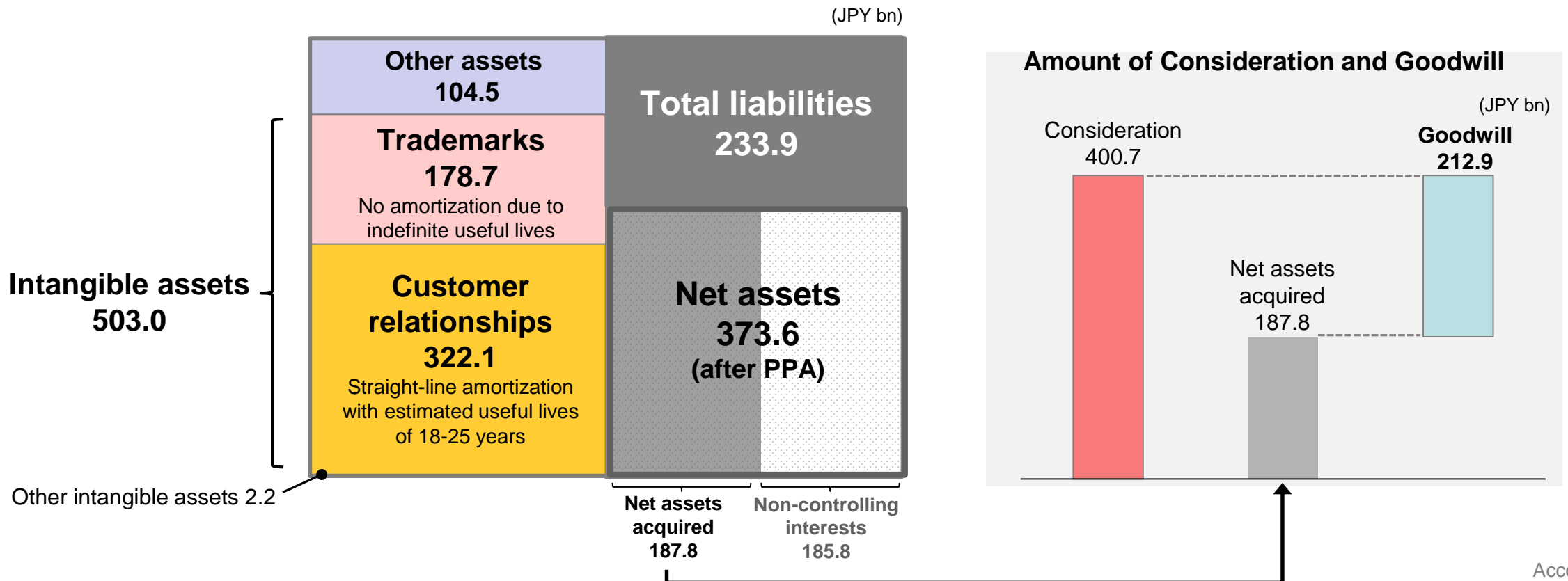
B/S item	Items	As of Mar 2019	As of Dec 2019	Change	(JPY bn)
Equity		9,009.2	9,191.4	182.2	
	Common stock	238.8	238.8	-	Increased due to a decrease in SBG's economic interests in Yahoo Japan (currently Z Holdings)
	Capital surplus	1,467.8	1,484.1	16.3	
	Other equity instruments*	496.9	496.9	-	
	Retained earnings	5,571.3	5,410.8	-160.5	1 Net income attributable to owners of the parent: +476.6 bn Retirement of treasury stock: -558.1 bn Cumulative impact of adopting IFRS 16: +14.0 bn
	Treasury stock	-443.5	-92.4	351.1	2 Repurchase: -215.9 bn, Retirement: +558.1bn
	Accumulated other comprehensive income	290.3	165.8	-124.5	
Non-controlling interests	1,387.6	1,487.4	99.8	Decreased in exchange differences arising from translating overseas subsidiaries and associates into yen due to a stronger yen against the major currencies	
	<b>Ratio of equity attributable to owners of the parent (equity ratio)</b>	<b>21.1%</b>	<b>19.5%</b>	<b>-1.6pp</b>	

\* USD-denominated undated subordinated notes issued in July 2017 by SBG, which were classified as equity instruments in accordance with IFRSs.

# Consolidation of ZOZO by Z Holdings

- Z Holdings implemented a tender offer of ZOZO with the aim of strengthening its e-commerce business.
- Completed the tender on Nov 13, 2019 and acquired 50.1% of voting rights; ZOZO became a subsidiary of Z Holdings.

**Increase of assets of SBG B/S by ZOZO consolidation**  
 (As of Dec 31, 2019) **JPY 820.4 bn** (=Total assets JPY 607.5 bn + Goodwill JPY 212.9 bn)





# Consolidated C/F Summary (IFRSs)

C/F item	FY19 Q1-Q3		
<b>C/F from operating activities</b>	<b>623.7</b>	1,747.5	Subtotal of cash flows from operating activities
		-430.5	Interest paid
		-1,170.8	Income taxes paid
		442.5	Income taxes refunded
<b>C/F from investing activities</b>	<b>-3,759.1</b>	-937.4	Purchase of property, plant and equipment, and intangible assets
		-985.1	Payments for acquisition of investments
		183.6	Proceeds from sale/redemption of investments
		-1,705.9	Payments for acquisitions of investments by SVF and other SBIA-managed Funds
		48.8	Proceeds from sales of investments by SVF and other SBIA-managed Funds
		-385.6	Payments for acquisition of control over subsidiaries
<b>C/F from financing activities</b>	<b>3,064.6</b>	419.2	Proceeds in short-term interest-bearing debt, net
		7,398.5	Proceeds from interest-bearing debt
		-4,613.1	Repayment of interest-bearing debt
		-525.0	Repayment of lease liabilities
		1,583.0	Contributions into SVF and other SBIA-managed Funds from third-party investors
		-688.7	Distribution/repayment from SVF and other SBIA-managed Funds to third-party investors
		-215.9	Purchase of treasury stock
<b>Cash and cash equivalents opening balance</b>	<b>3,858.5</b>		
<b>Cash and cash equivalents closing balance</b>	<b>3,804.7</b>		

(JPY bn)

- SBG's wholly owned subsidiary acquired preferred and common stock of WeWork for USD 2.0 bn in FY19Q1 and paid existing commitment of USD 1.5 bn to WeWork in Oct 2019.
- SBG's wholly owned subsidiary's new investing in Latin America: USD 1.3 bn

- SVF made investments
- Newly established investment vehicles, which will hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned), made investments: USD 1.7 bn

## Details by core company

### SBG

- Proceeds in short-term interest-bearing debt, net : +127.0 bn
- Proceeds from borrowings: +1,870.7 bn
- Repayment of borrowings: -1,727.9 bn
- Issuance of corporate bonds: +1 tn
- Redemption of corporate bonds: -700 bn

### SBG's wholly owned subsidiaries conducting fund procurement

- Proceeds from borrowings: +468.9 bn (Skywalk Finance borrowed USD 4.37 bn using Alibaba shares.)
- Proceeds from procurement relating to settlement of shares by variable prepaid forward contract: +179.1 (West Raptor Holdings received funds by concluding a variable prepaid forward contract for Alibaba shares.)

### SVF and Delta Fund

- Proceeds from borrowings: +1,132.9 bn (SVF borrowed USD 6.81 bn through the Fund Level Facility and USD 3.65 bn through the Portfolio Financing Facility.)
- Repayment of borrowings: -459.7 bn (SVF repaid borrowings of USD 4.24 bn, mainly for borrowings made through the Fund Level Facility.)

SBG repurchased its own shares.

# Income and Loss Arising from SVF and Other SBIA-Managed Funds

(JPY bn)

P/L	FY18 Q1-Q3	FY19 Q1-Q3	Items
<b>Gain and loss on investments at SVF and other SBIA-Managed Funds</b>	<b>838.8</b>	<b>-729.0</b>	
Realized gain and loss on sales of investments	146.7	14.6	FY18Q1-Q3: Gain on sale of Flipkart shares FY19Q1-Q3: Gain on sale of a portion of Guardant Health shares and loss on sale of other shares
Unrealized gain and loss on valuation of investments	693.3	-754.8	
<i>Change in valuation for the fiscal year</i>	693.3	-727.3	FY19Q1-Q3: •Valuation gain of USD 5,294 mil. : 29 investments •Valuation loss of USD 12,105 mil. : 31 investments including Uber and WeWork (including its three affiliates)
<i>Reclassified to realized gain and loss recorded in the past fiscal year</i>	-	-27.5	Reclassification of unrealized valuation gain (loss) recorded in FY18 for the shares that were sold in FY19 (Guardant Health and another)
Interest and dividend income from investments	3.1	10.1	
Effect of foreign exchange translation	4.3	1.1	
Operating expenses (including expenses not attributable to the funds)	-30.0	-68.8	Administrative expenses arising from SBIA and SVF
<b>Segment income</b>	<b>808.8</b>	<b>-797.8</b>	
Finance cost (interest expense)	-18.9	-16.2	Interest expenses on borrowings
Foreign exchange gain and loss	0.1	0.5	
Derivative gain and loss	249.4	-	FY18Q1-Q3: Derivative loss arising from collar transactions relating to NVIDIA shares
Change in third-party interests	-453.5	190.9	Fluctuations arising from the results of SVF and other SBIA-managed funds business in third-party interests in SVF and other SBIA-managed funds.
Other non-operating income and loss	-0.9	0.3	
<b>Income before income tax</b>	<b>584.9</b>	<b>-623.1</b>	

# Difference in Tax Rate

Reconciliation between statutory tax rate and effective tax rate	FY19Q1-Q3	
	Rate (%)	Amount (JPY bn)
Income before income tax		1,345.4
Statutory income tax rate	31.5%	423.3
(main factors of difference)		
- Impact from reassessment of the recoverability of deferred tax assets	12.2%	163.7
- Permanent difference (mainly from limited partnership to which local tax rate is lower than the one in Japan)	18.7%	251.7
- Performance fee of SBIA and future distribution to SBG	-7.6%	-102.7
- Taxation at the state of companies' location	-2.1%	-27.6
- Tax impact due to exchange rate fluctuations	-1.9%	-25.4
- Others	0.4%	5.9
Effective income tax rate	51.2%	688.9

# Bridge of Disclosures between SBG Financial Report and “SoftBank Vision Fund I Update” section

(USD bn)

SBG Financial Report	Committed capital, Total (p.15) <b>98.6 (SVF)</b>	Committed capital, The Company (p. 16) <b>33.1 (SVF)</b>	Contributions, The Company (p.16) <b>26.9 (SVF)</b>
Adjustments	-	Earmarked for use in an incentive scheme relating to SVF*1 -5.0	Paid-in capital from the incentive scheme relating to SVF -4.1 Adjustment (fraction) +0.1
<b>“SoftBank Vision Fund I Update” Section</b>	<b>Total Commitment (p.7) 98.6</b>	<b>SBG Commitment (p.7) 28.1</b>	<b>SBG Paid-In Capital (p.7) 22.9</b>

SBG Financial Report	Acquisition cost, Total (p.18) <b>74.6 (SVF)</b> (Cumulative since Fund inception, excluding exited investments)	Fair value, Total (p.18) <b>79.8 (SVF)</b>	Consolidated B/S Investments from SVF and other SBIA-managed funds accounted for using FVTPL (p.29)	8,033.6 bn yen <b>USD 73.3 bn</b>
Adjustments	Exited Investments +5.7 Other +0.2	-	Investment in a subsidiary (Arm) +8.2 Other -1.7	
<b>“SoftBank Vision Fund I Update” Section</b>	<b>Acquisition Cost (p.7) 80.5 (Cumulative since Fund inception)</b>	<b>Total Fair Market Value for Unrealized Investments (p.19) 79.8</b>	<b>Total Fair Market Value for Unrealized Investments (p.19) 79.8</b>	

\* For notes on SVF disclosure, see “SoftBank Vision Fund I Update” section.

\*1 As a subsidiary of SBG has committed USD 5.0 bn, the figure is included in the “Committed capital, The Company” in SBG’s Financial Report. Performance-based distribution for the relevant contribution will be utilized for an incentive scheme for officers and employees.

# Bridge from Income before Income Tax of SVF and Other SBIA-Managed Funds Business to SVF's Contribution to SBG

			FY18 Q1-Q3	FY19 Q1-Q3
SBG Financial Report (p.17)	Income before income tax of SVF and other SBIA-managed funds business (Contribution to SBG)	JPY bn	584.9	-623.1
		USD bn	5.29	-5.81
Adjustments	Income taxes on investment gains of SVF, paid/Income accrued at SVF		-0.79	-0.18
	Profit/loss incurred at entities other than the funds in the "SVF and Other SBIA-managed funds" (e.g. SBIA)		+0.20	+0.52
	Others		-1.12	+0.56
SoftBank Vision Fund I Update (p.15)	<b>Contribution to SBG, Net of 3<sup>rd</sup> Party Interests (After tax)</b>	USD bn	<b>3.58</b>	<b>-4.91</b>
	SBG LP Income (Loss): Share of Fund Net Profit (Loss)		2.06	-2.92
	SBG GP Income (Loss): Management Fees & Performance Fees		1.52	-1.99

\* For notes to SVF disclosure, see page 15 of "SoftBank Vision Fund I Update" section.

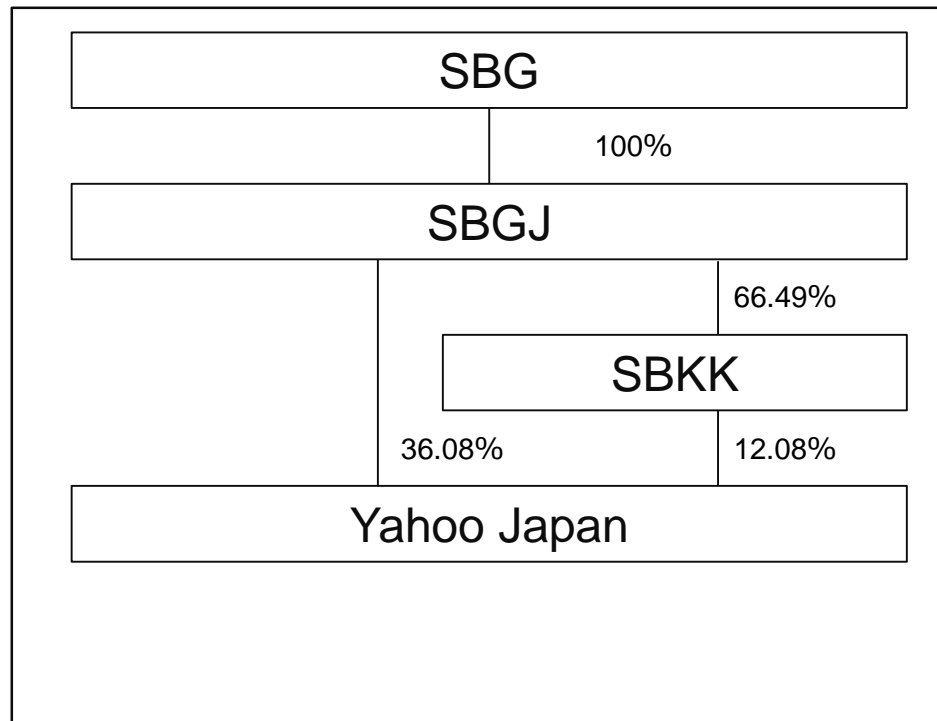
# Appendix

# Consolidation of Yahoo Japan by SBKK, ZOZO by Z Holdings

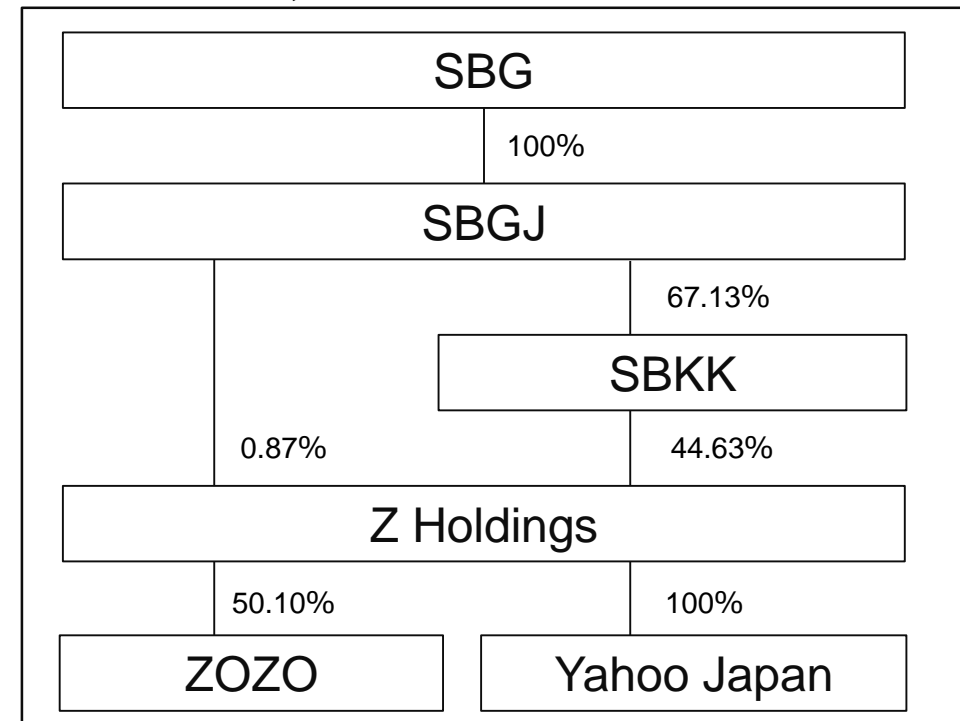
- On June 27, 2019, Yahoo Japan (currently Z Holdings) issued 1,511 mil. new shares to SBKK through a third-party allotment.
- SoftBank Group Japan (SBGJ), a wholly owned subsidiary of SBG, accepted a tender offer of share buyback by Yahoo Japan and sold its holdings of 1,793 mil. Yahoo Japan shares on June 27, 2019. As a result, Yahoo Japan became a subsidiary of SBKK.
- Z Holdings implemented a tender offer of ZOZO.
- Z Holdings completed the tender on Nov 13, 2019 and acquired 50.1% of voting rights; ZOZO became a subsidiary of Z Holdings.

## Shareholding Structure

As of Mar 31, 2019



As of Dec 31, 2019



# Breakdown of Goodwill / Intangible Assets

(JPY bn)

B/S item	Main items	As of Mar 2019	As of Dec 2019	Change			Outline	
				Amortization	Changes in exchange rate	Others		
Goodwill		4,321.5	4,518.7					
	Arm	2,777.5	2,748.7	-	-28.7	-		
	SBKK	907.5	907.5	-	-	-		
	Sprint	326.8	322.6	-	-4.2	-		
	ZOZO	-	212.9	-	-	212.9 <sup>*1</sup>		
Main intangible assets	<b>FCC licenses (non-amortized)</b>	<b>4,155.1</b>	<b>4,103.9</b>					
		<i>Sprint</i>	4,155.1	4,103.9	-	-53.5	2.3	
	<b>Technologies</b>	<b>471.9</b>	<b>435.8</b>					
	Main b/d	<i>Arm</i>	461.9	427.3	-28.6	-6.0	-	Amortized at straight-line method for 8-20 years.
	<b>Customer relationships</b>	<b>249.0</b>	<b>516.4</b>					
		<i>ZOZO</i>	-	319.9	-2.2	-	322.1	Amortized at straight-line method for 18-25 years.
	Main b/d	<i>Arm</i>	125.0	114.8	-8.5	-1.7	-	Amortized at straight-line method for 13 years.
		<i>Sprint</i>	59.3	26.6	-31.8	-0.9	-	Amortized at sum-of-the-months' digits method. Amortized for 8 years for postpaid.
	<b>Trademarks</b>	<b>693.9</b>	<b>685.3</b>					Excludes trademarks with finite useful lives.
	Main b/d	<i>Sprint</i>	658.7	650.2	-	-8.5	-	
		<i>ZOZO</i>	-	178.7	-	-	178.7 <sup>*1</sup>	
	<b>Management contracts</b>	<b>94.7</b>	<b>77.0</b>					
		<i>Fortress</i>	94.7	77.0	-16.4	-1.3	-	Amortized at straight-line method for 1.5-10 years.

\*The above are the amounts of goodwill recognized at the date of acquisition by SBG. They do not include goodwill recognized as a result of M&A executed by the relevant subsidiaries after their acquisition dates.

\*1 Increased by consolidation of ZOZO



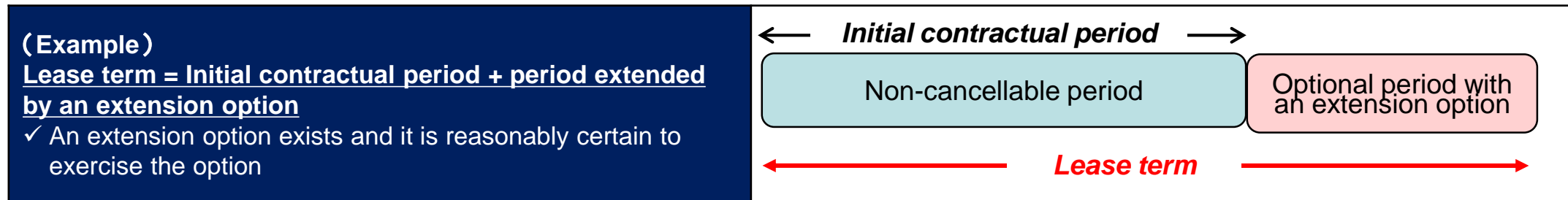
## Initial measurement for Right-of-use Assets (ROU) and Lease Liabilities

Lease Liabilities: Measured at the present value of total lease payments over the lease term

Right-of-use Assets: Amount of the initial measurement of a lease liability plus any lease payments before the commencement, Asset Retirement Obligation cost and initial direct costs incurred

## How a lease term is determined

SBG assesses whether it is reasonably certain to exercise an extension option or not to exercise a termination option. After the assessment, a lease term is determined as a non-cancellable period of a lease together with periods covered by these options.



## Lease term for major Right-of-use Assets:

Telecommunications equipment (wireless equipment, switching equipment and other network equipment): **Mainly 5 ~ 10 years**

Real estate for telecommunications business (spaces in land and buildings for cell sites): **Mainly 5 ~ 20 years**

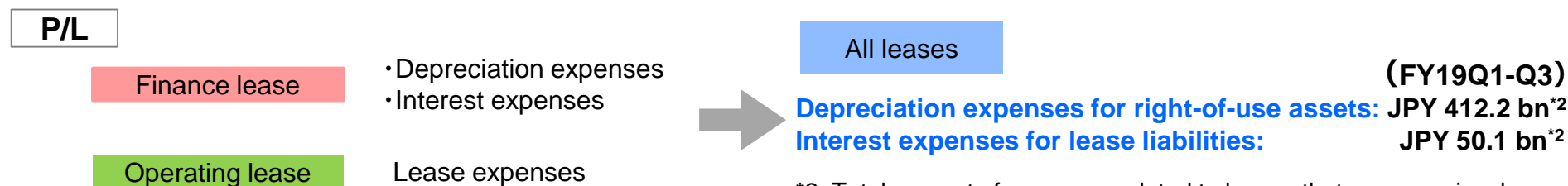
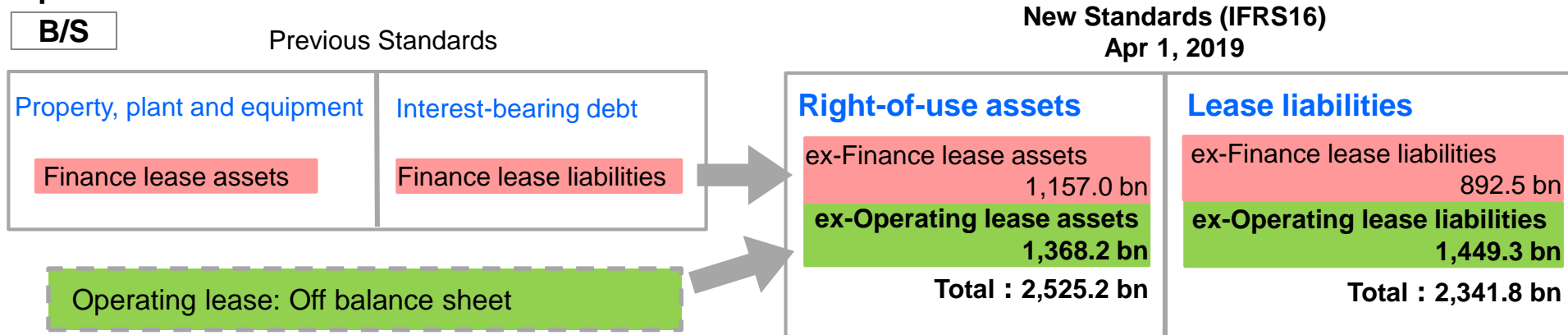
**Primary change in accounting treatment:**

**Classification of finance and operating leases has been eliminated and “right-of-use assets<sup>\*1</sup>” and “lease liabilities” are recognized on a balance sheet for all leases.**

- Leases previously classified as operating leases and accounted for as lease expenses are recognized on a balance sheet.
- Leases previously classified as finance leases continue to be recognized on a balance sheet.

<sup>\*1</sup> right-of-use asset : An asset representing a lessee’s right to use a leased asset over a lease term.

**Impact to B/S and P/L :**



<sup>\*2</sup> Total amount of expenses related to leases that were previously accounted for as finance leases or operating leases

# Adoption of new standards: IFRS 16 - Leases

## Breakdown of right-of-use assets

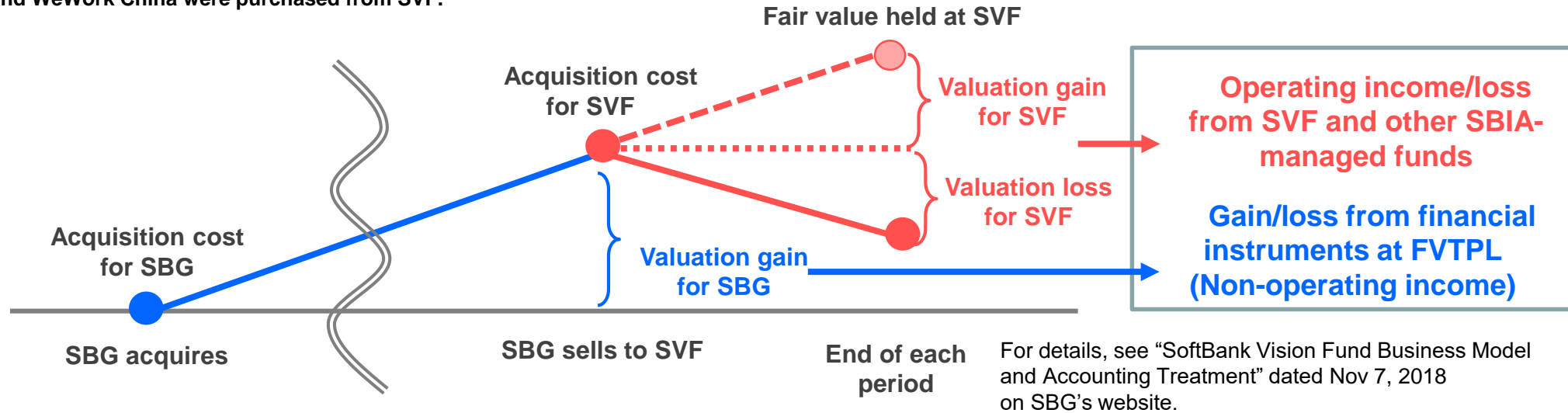
Opening B/S (Apr 1, 2019)

(JPY bn)

Class of underlying assets	SBKK	Sprint	Others	Total
<b>Telecommunications equipment (wireless equipment, switching equipment and other network equipment)</b>	<b>1,079.0</b>	<b>21.9</b>	<b>117.5</b>	<b>1,216.6</b>
Reclassified from finance lease assets	913.3	-	91.3	1,004.6
Operating leases are capitalized as ROU on B/S	165.6	21.9	24.5	212.0
<b>Real estate for telecommunications business (spaces in land and buildings for cell sites)</b>	<b>212.7</b>	<b>787.8</b>	<b>13.1</b>	<b>1,013.6</b>
Reclassified from finance lease assets	33.2	61.9	-	95.1
Operating leases are capitalized as ROU on B/S	179.5	725.9	13.1	918.5
<b>Other real estate</b>	<b>37.6</b>	<b>51.4</b>	<b>144.7</b>	<b>233.7</b>
Reclassified from finance lease assets	-	-	13.8	13.8
Operating leases are capitalized as ROU on B/S	37.6	51.4	130.9	219.9
<b>Others</b>	<b>39.1</b>	<b>3.7</b>	<b>18.5</b>	<b>61.3</b>
Reclassified from finance lease assets	39.1	-	4.4	43.5
Operating leases are capitalized as ROU on B/S	-	3.7	14.1	17.8
<b>Total</b>	<b>1,368.4</b>	<b>864.8</b>	<b>292.0</b>	<b>2,525.2</b>
Reclassified from finance lease assets	985.7	61.9	109.4	1,157.0
Operating leases are capitalized as ROU on B/S	382.7	802.9	182.6	1,368.2

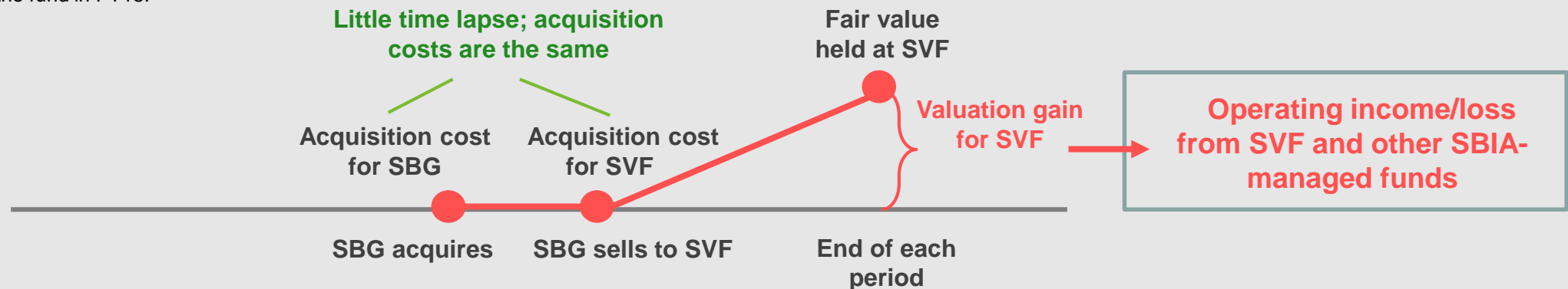
# SVF - Gain/Loss on Investments Purchased from SBG in P/L

Investments purchased from SBG other than “Bridge investments” shown below. Examples include investments that were made without the premise of offering to the SVF at the time of acquisition, or, investments that were made with the premise of offering to the SVF but were not in accordance with the investment eligibility criteria of the SVF at the time of acquisition and therefore require consent from the limited partners for selling to the SVF. In FY18, Coupang, OYO, Uber and GM Cruise, etc. were purchased from SVF. **In FY19Q1-Q2, investments in Ola and WeWork China were purchased from SVF.**



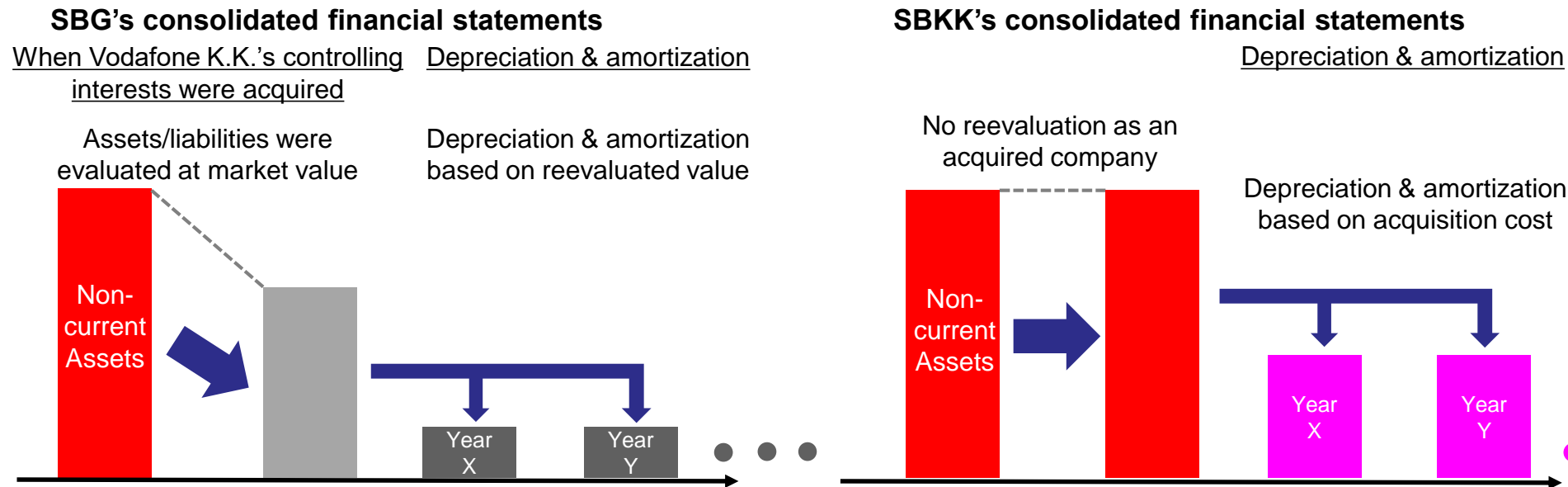
## (Reference) Bridge Investments

Investments that were acquired by SBG on the premise of offering to SVF and were in accordance with the investment eligibility criteria of the fund at the time of acquisition. The transfer from SBG is subject to applicable consent requirements such as Investment Committee of SVF and approval from relevant regulatory agencies; NVIDIA falls into such investments that was sold to the fund in FY18.



# Differences in Figures of Financial Results of SoftBank Segment and SBKK

## (1) Depreciation and amortization for non-current assets at SBKK (formerly Vodafone K.K.)



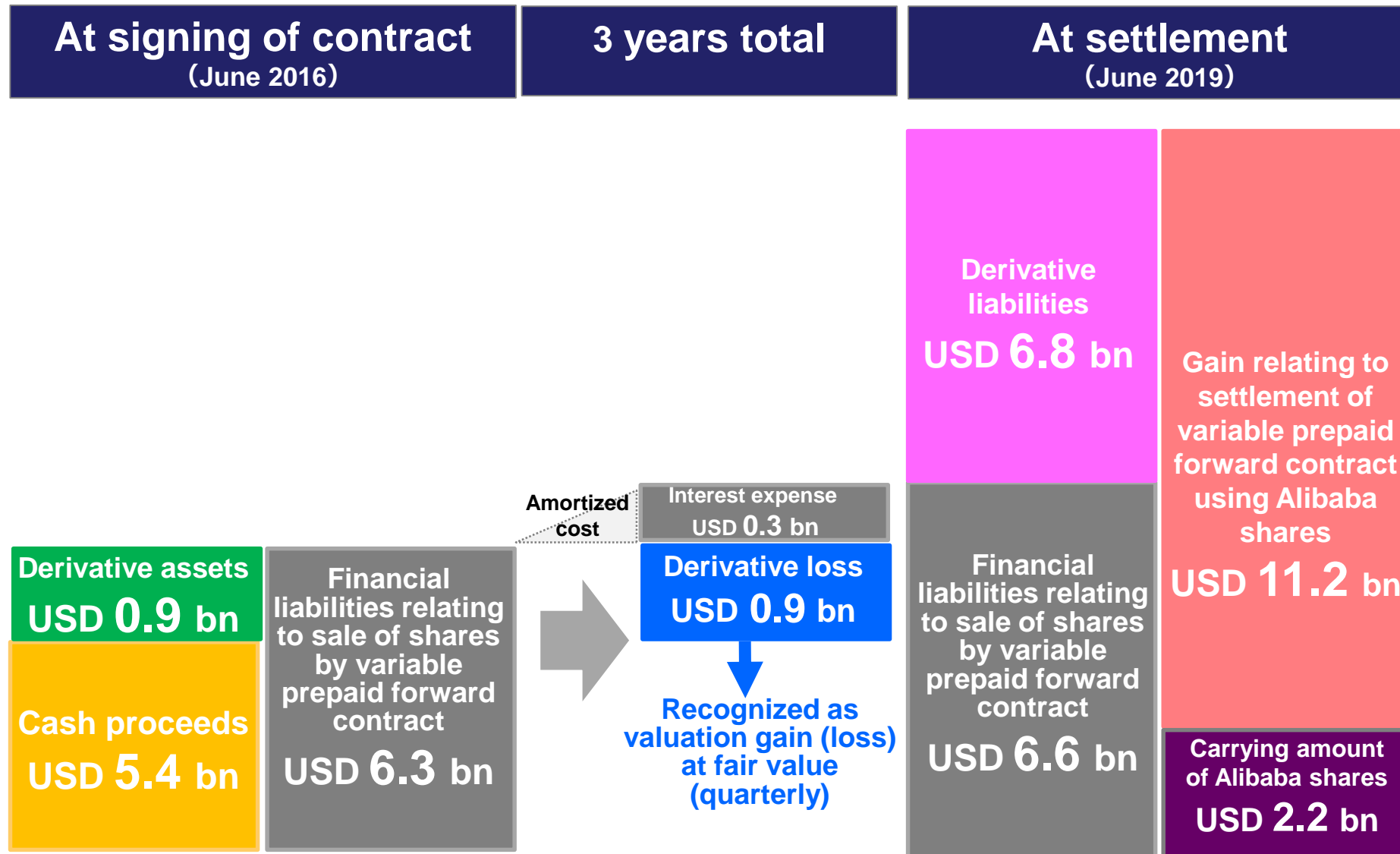
## (2) Consolidation of the results of PayPay

		FY18		FY19	
	Shareholding ratio*1	Yahoo Japan (currently Z Holdings): 50%		Yahoo Japan (currently Z Holdings): 25%	
		SBKK: 50%		SBG: 50%	
		2019/5/15			
Reporting entity	SBG	Subsidiary (Other segment)		Subsidiary (Other segment)	
	SBKK*2	Subsidiary		Equity Method	

\*1 As a result of an increase in investment from SBKK and Z Holdings to PayPay on December 27, 2019, the voting rights in PayPay for SBKK and Z Holdings became 25.5% respectively (51.1% in total). However, as SBG continued to control the PayPay based on the terms and conditions of the agreements between shareholders such as the number of dispatched officers, PayPay continues to be a subsidiary of SBG (equity method of SBKK).

\*2 The results of PayPay for FY18 were previously treated as that of an associate. After making Yahoo Japan a subsidiary, SBKK retroactively treated PayPay as its subsidiary.

# Settlement of Prepaid Forward Contract using Alibaba Shares



\* The number of Alibaba shares used for the settlement was 73 mil. since the closing price of Alibaba's ADS on the settlement date (June 3, 2019) was USD150.07.